



File

Consolidated Gold Fields
Limited

80th ANNUAL REPORT
1967



Consolidated Gold Fields
Limited

With the Compliments of

1904

Newconex

Consolidated Gold Fields Limited

(INCORPORATED IN THE UNITED KINGDOM)

Contents

	<i>Page</i>
Directors	2
Overseas Offices	3
Notice of Meeting	4
Report of the Directors	5-8
Salient Features from the Accounts	9
Accounts	10-20
Group Operations	21-33
Principal Subsidiary Companies and Group Interests	34-36
Turnover and Profits	37
Ten Year Financial Summary	38-39
Financial Calendar	40

Directors

SIR GEORGE HARVIE-WATT, BART., T.D., D.L., Q.C., *Chairman*

G. G. POTIER, D.F.C., *Deputy-Chairman*

W. J. BUSSCHAU

F. R. COTTELL

SIR CHARLES DENMAN, BART., M.C.

A. LOUW

M. MACLACHLAN

J. D. McCALL

J. B. MASSY-GREENE

G. J. MORTIMER, M.B.E.

M. E. RICH

W. MASON SMITH

SIR RICHARD SNEDDEN, C.V.O., C.B.E.

A. R. O. WILLIAMS, O.B.E.

HONORARY PRESIDENT

ROBERT ANNAN

SECRETARY

C. L. WATERHOUSE, F.C.A.

REGISTERED OFFICE

49 MOORGATE, LONDON, E.C.2

Overseas Offices

AUSTRALIA

Consolidated Gold Fields Australia Limited

Gold Fields House, Sydney Cove, Sydney

Chairman: J. B. Massy-Greene

CANADA

Newconex Holdings Limited

8 King Street East, Toronto 1, Ontario

President: W. A. Robinson, D.S.O.

SOUTH AFRICA

Gold Fields of South Africa Limited

75 Fox Street, Johannesburg

Chairman: A. Louw

UNITED STATES OF AMERICA

Gold Fields American Corporation

Bankers Trust Building, 280 Park Avenue, New York 17

President: V. C. Allen

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Consolidated Gold Fields Limited will be held at The Chartered Insurance Institute, 20 Aldermanbury, London, E.C.2, on Tuesday, the 21st day of November, 1967, at 11.30 a.m., to receive the report of the Directors and the Accounts for the year ended 30th June, 1967, and the report of the Auditors thereon, to determine the remuneration of the Auditors, and to resolve upon the following:—

As ordinary business:—

1. That a final dividend of 3s. 3d. per share, less tax, be declared on the Ordinary Shares.
2. That the following be re-elected Directors of the Company:—
 - (a) Sir Charles Denman, Bt., M.C.
 - (b) Mr. F. R. Cottell
 - (c) Mr. M. E. Rich
 - (d) Mr. W. Mason Smith

As special business, to consider and, if thought fit, pass the following Resolutions as Ordinary Resolutions:—

3. "That the capital of the Company be increased from £20,000,000 to £23,000,000 by the creation of 3,000,000 Ordinary Shares of £1 each."
4. "That on 1st January, 1968, each of the Ordinary Shares of £1 each existing at the time of the passing of this Resolution in the Capital of the Company be subdivided into four Ordinary Shares of 5s. 0d. each."

By Order of the Board,
C. L. WATERHOUSE,

Secretary.

49 MOORGATE, LONDON, E.C.2
28th October, 1967.

NOTES

Holders of Ordinary Shares, who alone are entitled to attend and vote at the Meeting, may appoint one or more proxies to attend and vote on their behalf. A proxy need not be a Member of the Company.

For the convenience of Ordinary Shareholders who may be unable to attend the Meeting, a form of proxy is enclosed which should be completed and returned so as to reach the Company not less than forty-eight hours before the time fixed for the Meeting. The fact that Ordinary Shareholders may have completed forms of proxy will not prevent them from attending and voting in person should they afterwards decide to do so.

Holders of Ordinary Share Warrants to Bearer who wish to be present or represented at the Meeting may obtain the necessary information regarding the formalities to be complied with and forms of proxy from the Registered Office of the Company.

The following documents will be available for inspection at the Registered Office of the Company during usual business hours on any weekday (Saturdays excluded) and at The Chartered Insurance Institute, 20 Aldermanbury, London, E.C.2, on 21st November, 1967, from 11.15 a.m. until the conclusion of the Annual General Meeting:—

- (i) a statement of the transactions of each Director, including family interests, in the equity share capital of the Company and its subsidiaries during the twelve months to 30th September, 1967;
 - (ii) copies of contracts of service between the Directors and the Company or any of its subsidiaries.
-

Report of the Directors

The Directors present their Report and the audited accounts for the year ended 30th June, 1967.

The Group Profit and Loss Account, the Group Balance Sheet and the parent company's Balance Sheet are shown on pages 10 to 15, salient features from the accounts are set out on page 9, and an analysis of the Group's turnover and profits appears on page 37. A summary of the Group's financial results for the past ten years is on pages 38 and 39.

GROUP PROFIT AND LOSS ACCOUNT

Group revenue for the year amounted to £16.3 million. The sources from which it arose are shown below. The percentage distribution of revenue between territories reflects changes not only in the Group's operational activities each year, but also in the sources of its share dealing profits. In the year to 30th June, 1967, these profits were attributable to an exceptional extent to dealings in Canadian securities.

	<i>South Africa</i>	<i>Austra- lasia</i>	<i>U.S.A.</i>	<i>Canada</i>	<i>U.K., etc.</i>	<i>Total</i>
	%	%	%	%	%	%
Gold	37	—	—	—	—	37
Platinum	8	—	—	—	—	8
Lead, Zinc and Silver	2	1	(3)	1	—	1
Copper	—	10	—	—	—	10
Rutile and Zircon	—	4	—	—	—	4
Other metals and minerals	2	8	1	8	1	20
Industrial and commercial	6	3	3	—	8	20
	<u>55%</u>	<u>26%</u>	<u>1%</u>	<u>9%</u>	<u>9%</u>	<u>100%</u>

After deducting expenses and the interest on debentures and loans, the profit of the Group was £11.2 million compared with the previous year's figure of £12.6 million.

The net profit attributable to the shareholders of the Company, after deducting taxation and the interests of outside shareholders, was £6.2 million, a decrease of £1 million.

The charge for taxation, which relates mainly to operations overseas, is again £3.6 million despite lower profits. Last year the charge benefited from a number of favourable factors not applicable in 1967. This year the charge has been credited with £172,000 recoverable in respect of Overspill Relief. This relief is due where credit for foreign tax is restricted under existing legislation.

Total revenue, the sources from which it was obtained and the profit figures for the year were all materially affected by the adverse results of the American Zinc Company, the Group's principal subsidiary in the United States. That company incurred a net loss of £430,000 compared with a profit after tax in the previous year of £1,128,000. The factors which were mainly responsible for these unsatisfactory results are given on page 25 of this Report.

The sum of £1.5 million has been transferred to Revenue Reserves and £4.4 million is required to meet the cost of dividends. The balance of unappropriated profits carried forward is £1.8 million.

GROUP BALANCE SHEET

Capital Employed

The issued share capital of the Company increased by a further 1,125,000 Ordinary Shares as a result of a Rights Issue made at £5 per share in September, 1966, to the holders of Ordinary Shares. The main purpose of the issue was to enable certain short-term borrowings to be repaid.

The increase of £6 million in capital reserve of the Group to £14.4 million was mainly due to the premium of £4 per share arising on the new issue.

The appropriation from profits to the Investment and Exploration Reserve to cover exploration expenditure and adjustments in value of certain investments was slightly in excess of the £528,000 charged for the year. After other minor adjustments the Reserve remained unchanged at £3 million. An appropriation of £1 million was made to General Reserve and, after allowing for a transfer to Outside Shareholders' Interests arising from a public issue by Consolidated Gold Fields Australia Limited, this Reserve increased by £600,000 to £11.6 million. Total Revenue Reserves at 30th June, 1967, were £16.5 million.

Loan capital of the Group amounted to £26.5 million. The increase of £3.1 million represents, in the main, additional borrowings by American Zinc in connection with its capital expenditure programme, offset by loan repayments made by the parent company.

The increase of £5.4 million in the interest of outside shareholders in the Capital and Reserves of subsidiary companies resulted principally from the subscription by the Australian public for 22.7 per cent. of the equity in Consolidated Gold Fields Australia Limited.

Assets

Capital expenditure by American Zinc in the United States and by Renison Limited and Bellambi Coal Company Limited in Australia, accounted for the major part of the increase in the book value of Fixed Assets of £7.8 million to £36.2 million.

Investments are included at or under cost but in no case above Stock Exchange values and amounted to £42 million in total compared with £38.1 million in 1966. The increase of £3.9 million relates mainly to additional portfolio investment in American and Canadian securities. At 30th June, 1967, the Stock Exchange value of the quoted portfolio was £96 million compared with £89 million last year.

The excess of current assets over current liabilities amounted to £18.5 million, an increase of £5 million mainly attributable to equity issues during the year by the parent company in London, Consolidated Gold Fields Australia Limited in Australia and Newconex Holdings Limited in Canada.

Group assets at 30th June, 1967, including Stock Exchange values for quoted investments but excluding special export finance debtors amounted to £175 million. The percentage of these assets in various areas of the world was as follows:

South Africa	48%	Australasia	19%
U.S.A.	21%	Canada	4%
U.K. and other areas 8%			

GREENWOODS (ST. IVES) LIMITED

Since the end of the financial year the Company has been successful in an offer to acquire the ordinary share capital, in issue at 20th June, 1967, of Greenwood's (St. Ives) Limited. Under the terms of this offer, 1,121,244 Ordinary Shares of Gold Fields have been, or will fall to be, issued and these shares will rank for the Gold Fields final dividend for the year to 30th June, 1967. A cash payment of £1,009,119 also formed part of the offer.

Greenwoods operates sand and gravel pits, principally in the Eastern Counties, and also has quarries in South Wales. It produces ready mixed and pre-cast concrete and has subsidiaries trading as general haulage contractors.

At the time the offer was made, the holders of Greenwoods Loan Stock had the right to subscribe in cash for new shares in that company. Gold Fields has made a further offer, on the same terms as the offer referred to above, for the Greenwoods shares issued in respect of the exercise of such rights. If this further offer is accepted in full it will involve the issue of additional Gold Fields Ordinary Shares to the nominal value of £52,627 and cash payments totalling £64,111 will be made as part of these arrangements.

The acquisition of Greenwoods is not reflected in the Group Accounts at 30th June, 1967.

CAPITAL

After the issue to Greenwoods shareholders of the 1,121,244 Gold Fields shares referred to above, the capital of the Company will be as follows:

<i>Authorised</i>		<i>Issued</i>
£		£
1,750,000	7 per cent. First Cumulative Preference Shares of £1 each . . .	1,750,000
1,250,000	7 per cent. Second Cumulative Preference Shares of £1 each . .	1,250,000
17,000,000	Ordinary Shares of £1 each	15,746,244
<u>£20,000,000</u>		<u>£18,746,244</u>

These figures do not include any of the further Gold Fields shares to the nominal value of £52,627 which may fall to be issued in connection with the Greenwoods Loan Stock rights.

In view of the nature of the Company's business the Directors consider that an adequate number of shares should be held in reserve to meet the future needs of the Company. Accordingly, a Resolution will be submitted at the Annual General Meeting to increase the Authorised Capital to £23,000,000 by the creation of 3,000,000 Ordinary Shares of £1 each. Apart from the issue of shares with a nominal value of up to £52,627, already referred to, the Directors have no proposals at the present time for the issue of any of the £4,253,756 nominal share capital which will remain unissued. Furthermore, without the prior approval of Shareholders in General Meeting, no part of the unissued capital will be issued in such a manner as to affect materially the control of the Company or to lead to a radical change in the nature of its business.

The Directors consider that it would be in the interests of shareholders to improve the marketability of the Company's Ordinary Shares by sub-dividing each Ordinary Share of £1 into four shares of 5s. 0d. each. A resolution to give effect to this proposal on 1st January, 1968, will be submitted at the Annual General Meeting.

DIVIDENDS

The Directors recommend a final dividend of 3s. 3d. per £1 Ordinary Share which, with the interim dividend of 2s. 3d. paid on 12th May, 1967, makes a total of 5s. 6d. for the year. If the dividend is approved at the Annual General Meeting it will be paid on 1st December, 1967, to holders of Ordinary Shares registered in the books of the Company on 27th October, 1967, including holders of shares issued up to that date in respect of the acquisition of Greenwoods, and to holders of Coupon No. 98 detached from Share Warrants to Bearer for Ordinary Shares. The dividend will also become payable on any further Ordinary share capital issued after 27th October, 1967, in respect of the Company's offers to acquire the share capital of Greenwoods.

INTERESTS

The Company's principal activities cover mining finance, investment, exploration and development, the promotion of mining and industrial companies and the management and administration of subsidiary and associated companies.

A list of the principal subsidiary companies, and of Group interests where the equity interest exceeds 10 per cent., showing their respective activities, appears on pages 34 and 35. Particulars of other Group interests are shown on page 36. Comments on Group operations are given on page 21 and following pages.

DIRECTORS

Sir Charles Denman, who was appointed to the Board on 26th January, 1967, retires under the Articles of Association and offers himself for re-election.

The Rt. Hon. Lord Glenconner, who joined the Board in 1963, retired on 10th March, 1967. The Board records its appreciation of the contribution made by Lord Glenconner to the Group's affairs during his period in office.

Mr. F. R. Cottell, Mr. M. E. Rich and Mr. W. Mason Smith retire by rotation and offer themselves for re-election.

DIRECTORS' INTERESTS

The interests of the Directors, including "family interests", do not in the aggregate exceed 5 per cent. of the share capital of the Company or of any subsidiary company.

STAFF

The Directors wish to record their appreciation of the services rendered by all officers and employees of the Group, both at home and overseas.

They also welcome to the Group the staffs of Greenwoods (St. Ives) Limited and of other newly acquired subsidiary companies.

AUDITORS

Messrs. Turquand, Youngs & Co., Chartered Accountants, have signified their willingness to continue in office as Auditors.

By Order of the Board,
C. L. WATERHOUSE,
Secretary.

49 MOORGATE,
LONDON, E.C.2
28th October, 1967.

Salient Features

FROM THE ACCOUNTS OF THE GROUP

	1967	1966	1965
	£000's	£000's	£000's
Group Operating Profit	11,231	12,605	11,605
Taxation	3,620	3,674	4,035
Net Profit for the Year -after Tax and Minority Interests	6,238	7,242	6,267
Ordinary Dividends -cost to the Company	4,215	3,712	2,577
per share	5s. 6d.	5s. 6d.	6s. 6d.
Shareholders' Funds -issued Capital and Reserves	48,600	40,900	37,700
Capital Employed -Shareholders' Funds, Debentures and Loans, Minority Interests	92,900	76,700	65,400
Fixed Assets	36,200	28,400	20,900
Net Current Assets	18,500	13,600	14,300
Quoted Investments			
at Book Value	35,800	31,500	28,500
at Stock Exchange Value	96,300	89,500	75,500

Group Profit and Loss Account

for the year ended 30th JUNE, 1967

1966				
£	£		£	£
6,926,528		Dividends and Interest on Investments (Note 10)		6,738,344
2,339,685		Profit on Realisation of Investments		2,679,783
		Net Revenue of:		
	1,281,590	Industrial and Commercial Companies	1,526,989	
	3,793,910	Mining Companies	2,547,103	
5,075,500				4,074,092
		Administration and Technical Fees received, Commission and		
2,818,133		Sundry Revenue		2,881,631
17,159,846				16,373,850
	3,224,356	Less: Administration, Technical and General Office Expenses .	3,547,879	
	1,329,802	Interest payable on Debentures and Loans	1,594,903	
4,554,158				5,142,782
12,605,688		Profit before Taxation (Note 12)		11,231,068
3,673,984		Taxation (Note 13)		3,620,467
8,931,704		Net Profit for the Year		7,610,601
1,688,932		Proportion attributable to Outside Shareholders		1,372,142
		Net Profit for the Year attributable to the Shareholders of		
7,242,772		Consolidated Gold Fields Limited, carried forward . .		6,238,459

These Accounts should be read

CONSOLIDATED GOLD FIELDS LIMITED

AND SUBSIDIARY COMPANIES

1966

£	£		£	£
		Net Profit for the Year attributable to the Shareholders		
7,242,772		of Consolidated Gold Fields Limited, brought forward .		6,238,459
1,533,312		Unappropriated Profits brought forward (Note 15)		1,653,755
<u>8,776,084</u>		Total available for Appropriation		<u>7,892,214</u>
		Appropriations:		
	2,000,000	General Reserve	1,000,000	
	981,867	Investment and Exploration Reserve	589,362	
2,981,867	<u>981,867</u>		<u>589,362</u>	1,589,362
<u>5,794,217</u>				<u>6,302,852</u>
		Dividends paid and recommended by Consolidated Gold		
		Fields Limited—Gross:		
	210,000	Preference—7% per annum.	210,000	
	1,518,750	Ordinary—interim dividend of 2s. 3d. per share (paid 12th May, 1967)	1,645,312	
	2,193,750	final dividend of 3s. 3d. per share now recom- mended	2,570,343	
	<u>3,922,500</u>		<u>4,425,655</u>	
	52,336	Income Tax deducted from dividends and retained	—	
3,870,164	<u>52,336</u>			4,425,655
<u>£1,924,053</u>		Unappropriated Profits carried forward		<u><u>£1,877,197</u></u>

junction with the notes on pages 16 to 19.

Group Balance Sheet 30th June, 1967

£	1966	£	£	£
			Capital:	
			Issued and Fully Paid—	
		13,500,000	14,625,000 Ordinary Shares of £1 each	14,625,000
		1,750,000	1,750,000 7% First Cumulative Preference Shares of £1 each	1,750,000
		1,250,000	1,250,000 7% Second Cumulative Preference Shares of £1 each	1,250,000
16,500,000				<u>17,625,000</u>
8,479,906			Capital Reserve: (Note 1)	14,467,371
			Revenue Reserves: (Note 2)	
		11,000,000	General Reserve	11,674,754
		3,007,131	Investment and Exploration Reserve	3,006,083
		1,924,053	Unappropriated Profits	1,877,197
15,931,184				<u>16,558,034</u>
40,911,090				<u>48,650,405</u>
23,476,394			Debentures and Loans: (Note 3)	26,580,734
12,314,085			Outside Shareholders' Interest in Capital and Reserves of Subsidiary Companies	17,714,612
			Deferred Liabilities and Provisions:	
		2,688,048	Taxation	3,274,449
		309,348	Pensions	386,376
		473,617	Purchase of Mining Properties	276,984
3,471,013				<u>3,937,809</u>
			Current Liabilities:	
		13,377,022	Creditors	13,421,421
		1,724,656	Taxation	1,444,395
		10,195,542	Bank Overdrafts	12,105,587
		2,193,750	Proposed final Ordinary Dividend—gross	2,570,343
27,490,970				<u>29,541,746</u>
<u>£107,663,552</u>				<u><u>£126,425,306</u></u>

These Accounts should be read

AND SUBSIDIARY COMPANIES

injunction with the notes on pages 16 to 19.

Balance Sheet 30th June, 1967

1966				
£	£		£	£
		Capital:		
		Authorised—		
17,000,000		17,000,000 Ordinary Shares of £1 each	17,000,000	
1,750,000		1,750,000 7% First Cumulative Preference Shares of £1 each . .	1,750,000	
1,250,000		1,250,000 7% Second Cumulative Preference Shares of £1 each .	1,250,000	
	<u>£20,000,000</u>		<u>£20,000,000</u>	
		Issued and Fully Paid—		
13,500,000		14,625,000 Ordinary Shares of £1 each	14,625,000	
1,750,000		1,750,000 7% First Cumulative Preference Shares of £1 each . .	1,750,000	
1,250,000		1,250,000 7% Second Cumulative Preference Shares of £1 each . .	1,250,000	
16,500,000				17,625,000
		Capital Reserve:		
17,064,202		Share Premium (Note 1)		21,438,143
		Revenue Reserves: (Note 2)		
	3,250,000	General Reserve	3,250,000	
	1,708,459	Investment and Exploration Reserve	1,529,121	
	706,380	Unappropriated Profits	613,456	
5,664,839				5,392,577
39,229,041				44,455,720
		Unsecured Loans: (Note 3)		11,428,571
13,928,571				
		Provision:		
53,179		Pensions		17,254
		Current Liabilities:		
	1,138,326	Creditors	630,910	
	183,560	Taxation	44,832	
	2,193,750	Proposed final Ordinary Dividend—gross	2,570,343	
3,515,636				3,246,085
<u>£56,726,427</u>				<u>£59,147,630</u>

These Accounts should be read in

CONSOLIDATED GOLD FIELDS LIMITED

1966				
£	£		£	£
345,085		Fixed Assets: (Note 6)		332,502
		Investments: (Note 7)		
	14,124,336	Quoted	14,226,202	
		Stock Exchange value: £60,268,906 (£57,293,205)		
	430,515	Unquoted	162,754	
	32,348	Properties and Ventures	174,001	
14,587,199				14,562,957
		Subsidiary Companies:		
	31,159,524	Shares at Cost less amounts written off	32,132,893	
	7,205,450	Advances less Provisions	8,711,528	
	38,364,974		40,844,421	
	3,222	Less: Amounts Due	46,110	
38,361,752				40,798,311
		Current Assets:		
	1,186,791	Debtors and Dividends Declared	1,293,415	
	2,245,600	Cash at Bankers and Short Term Deposits	2,160,445	
3,432,391				3,453,860

G. S. HARVIE-WATT, }
J. D. McCALL, } *Directors.*

£56,726,427

£59,147,630

conjunction with the notes on pages 16 to 19.

Notes to the Accounts

1. CAPITAL RESERVE:

In arriving at the figure of Capital Reserve in the Group Balance Sheet, the excess of the cost of shares in subsidiary companies over the book value of their net assets at the dates of acquisition (less other group reserves) has been deducted as shown in column (2) below:

	Share Premium of Parent Company		As shown in Group Balance Sheet
	(1)	(2)	(3)
	£	£	£
Balance at 1st July, 1966	17,064,202	8,584,296	8,479,906
Add: Premium on shares issued during year, less expenses	4,373,941		
Excess of cost of shares in subsidiaries acquired during the year over the book value of their net assets at the dates of acquisition		495,048	
Adjustments arising from variations in minority interests in subsidiaries and in respect of amounts written off		50,421	
Less: Group proportion of premium (less expenses) arising on issue of shares by Consolidated Gold Fields Australia Limited, a quoted subsidiary previously wholly owned		2,158,993	
Balance at 30th June, 1967	<u>£21,438,143</u>	<u>£6,970,772</u>	<u>£14,467,371</u>

2. REVENUE RESERVES:

	General Reserve Parent	General Reserve Group	Investment and Exploration Reserve Parent	Investment and Exploration Reserve Group
	£	£	£	£
Balance at 1st July, 1966	3,250,000	11,000,000	1,708,459	3,007,131
Less: Transfer to outside shareholders' interest (mainly in respect of Consolidated Gold Fields Australia Limited, a quoted subsidiary previously wholly owned)	—	325,246	—	61,648
Written off investments	—	—	170,432	255,096
Exploration expenditure written off	—	—	183,906	273,666
	<u>3,250,000</u>	<u>10,674,754</u>	<u>1,354,121</u>	<u>2,416,721</u>
Add: Transfer from Profit and Loss Account	—	1,000,000	175,000	589,362
Balance at 30th June, 1967	<u>£3,250,000</u>	<u>£11,674,754</u>	<u>£1,529,121</u>	<u>£3,006,083</u>

Under a loan agreement between the Company and a consortium of American banks, the aggregate amount of dividends payable by the Company in respect of any one financial period is limited to the net group profit available to the Shareholders for that period.

3. DEBENTURES AND LOANS:

	Parent		Group	
	1967	1966	1967	1966
	£	£	£	£
Secured:				
7% Guaranteed Debenture Stock 1980/85	—	—	4,693,900	4,771,400
6½% Debenture Stock	—	—	405,000	415,000
Bank Loans	—	—	451,485	120,000
Other Loans	—	—	376,786	496,700
	<u>—</u>	<u>—</u>	<u>5,927,171</u>	<u>5,803,100</u>
Unsecured:				
Bank Loans	10,428,571	12,928,571	19,220,536	16,478,285
Other Debentures and Loans	1,000,000	1,000,000	1,433,027	1,195,009
	<u>£11,428,571</u>	<u>£13,928,571</u>	<u>£26,580,734</u>	<u>£23,476,394</u>
Territorial analysis:				
United Kingdom	4,000,000	6,500,000	8,693,900	11,322,800
North America	6,428,571	6,428,571	15,280,354	9,464,285
South Africa	1,000,000	1,000,000	1,950,748	1,888,808
Australasia	—	—	655,732	800,501
	<u>£11,428,571</u>	<u>£13,928,571</u>	<u>£26,580,734</u>	<u>£23,476,394</u>

4. LIABILITIES SECURED:

No liabilities of the Parent Company are secured and those of the Group are secured to the following extent:

	1967	1966
	£	£
Debentures and Loans (see Note 3)	5,927,171	5,803,100
Purchase of Mining Properties	26,325	97,292
Creditors	987,886	1,458,314
Bank Overdrafts	9,968,210	9,938,135
	<u>£16,909,592</u>	<u>£17,296,841</u>

5. BORROWING POWERS:

Included in Liabilities Secured (see Note 4) are borrowings by the Tennant group of companies to provide export finance facilities for United Kingdom industry. To the extent that such borrowings are secured by a British Government Department they are not required to be taken into account when determining the limitation placed by the Company's Articles upon the borrowing powers of the Group. At 30th June, 1967, the total amount to be thus excluded was £8.9 million (£8.5 million).

6. FIXED ASSETS:

	1967			1966		
	Cost	Accumulated Depreciation	Net	Cost	Accumulated Depreciation	Net
	£	£	£	£	£	£
Group:						
Property:						
Freehold	8,417,272	1,697,060	6,720,212	7,522,521	1,606,976	5,915,545
Leasehold (*long)	106,952	6,408	100,544	101,354	4,481	96,873
Leasehold (short)	1,120,013	101,604	1,018,409	261,234	94,665	166,569
	<u>9,644,237</u>	<u>1,805,072</u>	<u>7,839,165</u>	<u>7,885,109</u>	<u>1,706,122</u>	<u>6,178,987</u>
Mining Leases and Development	6,476,064	1,919,785	4,556,279	5,906,149	1,763,548	4,142,601
Plant and Machinery	37,975,263	14,863,388	23,111,875	31,285,404	13,730,248	17,555,156
Furniture, Fixtures, Tools and Equipment	1,459,622	702,970	756,652	1,219,178	631,254	587,924
	<u>£55,555,186</u>	<u>£19,291,215</u>	<u>£36,263,971</u>	<u>£46,295,840</u>	<u>£17,831,172</u>	<u>£28,464,668</u>
Parent	<u>£520,916</u>	<u>£188,414</u>	<u>£332,502</u>	<u>£504,328</u>	<u>£159,243</u>	<u>£345,085</u>

*i.e. 50 years or more to run

7. GROUP INVESTMENTS:

Quoted investments are included at or under cost but in no case above the Stock Exchange value at 30th June, 1967. The Directors have considered it desirable to retain the book cost of certain holdings below both cost and Stock Exchange values. Unquoted investments, valued by the Directors at £5,270,245 (£5,793,966), and Properties and Ventures are included at cost less amounts written off.

The book cost of investments quoted outside the United Kingdom was:

Parent £444,445 (£208,180).

Group £12,756,412 (£8,293,541).

Of the surplus of the Stock Exchange value of the quoted investments over their book value as shown in the Group Balance Sheet, £1,396,710 (£893,759) is attributable to the outside shareholders in subsidiary companies.

Amounts written off investments by the Parent Company have been charged to Investment and Exploration Reserve. In the case of the Group investments, in addition to the amount charged to Group Investment and Exploration Reserve (see Note 2), £93,531 (£67,821) has been charged to Outside Shareholders' Interest.

8. CONTINGENT LIABILITIES:

	Parent		Group	
	1967	1966	1967	1966
	£	£	£	£
Guarantees:				
in respect of subsidiary companies	4,693,900	4,771,400	—	—
other	60,000	—	150,708	139,208
Loan facilities, uncalled capital on investments and participations in ventures and in exploration programmes of associated companies	2,600	3,500	6,416,744	6,848,341
	<u>£4,756,500</u>	<u>£4,774,900</u>	<u>£6,567,452</u>	<u>£6,987,549</u>

9. CAPITAL COMMITMENTS:

	Parent		Group	
	1967	1966	1967	1966
	£	£	£	£
Contracts for capital expenditure	<u>£6,100</u>	<u>£29,750</u>	<u>£3,484,284</u>	<u>£4,488,669</u>

In addition, capital expenditure of the group approved by the boards of the companies concerned, but for which contracts had not been placed, amounted to:

	1967	1966
	£	£
North America	885,000	2,771,000
Australasia	285,000	990,000
United Kingdom	—	4,000
	<u>£1,170,000</u>	<u>£3,765,000</u>

10. DIVIDENDS AND INTEREST ON INVESTMENTS:

The Group income from this source was divided as between:

	1967	1966
	£	£
Quoted Investments	6,458,806	6,743,825
Unquoted Investments	279,538	182,703
	<u>£6,738,344</u>	<u>£6,926,528</u>

11. SUBSCRIPTIONS AND DONATIONS:

During the year a total of £1,984 was given for charitable purposes by the Group companies in the United Kingdom, of which a considerable part was paid to organisations whose activities were closely connected with the Company's interests. Donations for political purposes amounted to £27.

12. GROUP PROFIT BEFORE TAXATION:

(a) The profit for the year includes £138,483 (£331,094) recovered in respect of amounts previously written off which, under the provisions of the Companies Act, 1948, is regarded as drawn from Reserves.

(b) The following expenses have been charged:

	1967	1966
	£	£
Emoluments of Directors of the Parent Company:		
Fees	49,695	46,882
Executive Remuneration	238,054	245,374
*Pensions for past executive services	7,944	9,381
	<u>295,693</u>	<u>301,637</u>
*In addition, the Company funded a proportion of a past executive Director's pension at a cost of £59,875 (£60,367) which, after deduction of Corporation Tax, has been charged against Provision for Pensions		
Less: Fees and executive remuneration paid by subsidiary companies	81,641	59,700
Paid by Parent Company	214,052	241,937
Auditors' remuneration, including £3,667 (£3,501) in respect of Parent Company	58,328	49,827
Depreciation of Fixed Assets	2,846,592	2,246,331

13. TAXATION:

The Group charge comprises:

	1967		1966	
	£	£	£	£
Overseas Taxation		3,087,294		3,396,233
United Kingdom:				
Corporation Tax	711,273		413,212	
Income Tax	57,435		261,746	
Profits Tax	—		3,740	
		768,708		678,698
		3,856,002		4,074,931
Less: Overspill Relief		172,000		—
Provisions no longer required		63,535		400,947
		<u>£3,620,467</u>		<u>£3,673,984</u>

The United Kingdom tax charge shown above is after deducting relief in respect of double taxation amounting to £2,196,000 (£2,339,000).

Additional United Kingdom Corporation Tax would arise in the event of the distribution of profits from certain subsidiary companies abroad.

The close company provisions of the Finance Act, 1965, do not apply to the Company.

14. PARENT COMPANY'S PROFIT:

Of the profit of £6,238,459 (£7,242,772) attributable to the Shareholders of Consolidated Gold Fields Limited £4,367,240 (£5,420,401) has been dealt with in the accounts of that Company and, in addition, dividends totalling £140,491 (£359,996) have been received out of prior year's profits of subsidiaries.

15. GROUP UNAPPROPRIATED PROFITS BROUGHT FORWARD:

As a result of variations in the Group's proportion of the equity in certain subsidiary companies, £270,298 has been transferred to outside shareholders' interest.

16. CURRENCIES:

(a) United States and Canadian currencies have been converted into Sterling at \$2.80 and \$3.03 to the £ respectively, with the exception of investment dollars, which have been converted at the premium rate ruling at 30th June, 1967.

(b) All other currencies have been converted at the rates ruling at 30th June, 1967.

Where applicable, the Stock Exchange value of the quoted investments takes into account the investment dollar premium.

Report of the Auditors

TO THE MEMBERS OF

CONSOLIDATED GOLD FIELDS LIMITED

We have examined the annexed Balance Sheet which is in agreement with the books of account and returns and have obtained all the information and explanations which we considered necessary for our audit. Proper books of account have been kept and proper returns and audited accounts have been received from Overseas Offices not visited by us.

We have also examined the annexed Group Balance Sheet and Group Profit and Loss Account. The accounts of certain Subsidiaries have been audited by other auditors.

In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read in conjunction with the notes, comply with the requirements of the Companies Act, 1948, and give a true and fair view of the state of the Company's affairs at 30th June, 1967, and, so far as concerns members of the Company, a true and fair view of the state of affairs and of the profit of the Group.

TURQUAND, YOUNGS & CO.,

Chartered Accountants, Auditors.

4 COLEMAN STREET,
LONDON, E.C.2.

10th October, 1967.

Group Operations

SOUTH AFRICA

GOLD FIELDS OF SOUTH AFRICA LIMITED

The Group interests throughout southern Africa are managed by this wholly-owned mining finance company. It provides centralised administrative and technical services to a large number of mining, investment, finance and industrial companies in all of which the Group has direct or indirect holdings.

Capital employed by Gold Fields of South Africa Limited and its subsidiaries at 30th June, 1967, amounted to £9.8 million. Consolidated profit before tax for the year ended 30th June, 1967, amounted to £1,720,000 an increase of £271,000 compared with the previous year. The increase was largely due to the inclusion for the first time of the profits of three new industrial subsidiaries and of New Durban Gold and Industrials Limited, which also became a subsidiary during the year. Dividend income and revenue from sources other than the industrial division increased, but these increases were outweighed by higher overhead expenses.

An important development during the year was the formation of the Zinc Corporation of South Africa Limited for the purpose of erecting and operating an electrolytic smelter with a productive capacity of 36,500 tons of zinc per annum. Contracts for a 15-year period have been negotiated for the sale of a substantial part of the electrolytic zinc and sulphuric acid which will be produced. Part of the feed for the smelter will be supplied by Kiln Products Limited, a new company which has been formed to erect and operate a Waelz kiln at the Berg Aukas mine of The South West Africa Company, Limited. The total capital investment in the two projects will be £7.1 million of which approximately one-half will be financed by loans and the balance by equity capital. Group companies in South Africa will contribute £1.6 million of the amount to be raised in the form of equity capital.

At the close of the year arrangements were made whereby New Witwatersrand Gold Exploration Company Limited and certain other finance companies, already associated with the Group in South Africa, became subsidiaries.

The following paragraphs contain details of certain major Group interests part of which are held directly by Consolidated Gold Fields Limited and part by Gold Fields of South Africa Limited.

GOLD

At 30th June, 1967, Gold Fields of South Africa administered one developing and nine producing gold mines. Total gold production again amounted to over five million ounces, equivalent to 17 per cent. of

the total output of gold in South Africa. As a result of an increase in the average yield, combined working profits from gold increased by 4.6 per cent. to £27.7 million. More than 94 per cent. of the total working profit was contributed by the Group's four producing mines on the West Wits line—West Driefontein, Doornfontein, Libanon and Venterspost. Working costs again increased during the year but the effects of inflation on costs were countered to a degree by advances in productivity obtained by improvements in technical methods and the wider use of mechanisation. Total distributions by Group administered gold mines amounted to £10.5 million.

West Witwatersrand Areas Limited

The Group's largest single direct interest in South Africa continues to be its 42 per cent. holding in this important company, which has substantial investments in the gold mines on the West Wits Line.

The programme of exploration in the area to the east and south-east of the West Driefontein mine was completed during the year under review. Borehole results have confirmed that a substantial portion of the area is underlain by gold-bearing reefs and feasibility studies to determine the best means of exploiting the area have been completed. At the present time financial and technical discussions are in progress with the relevant Government authorities and mineral right owners.

In order to reduce the amount of new capital required to finance its participation in this potential new mine, the company during the year sold certain of its investments. Total sales amounted to £696,000 and the surplus on realisation was £507,000. Taking this surplus into account the profit after tax was £2.9 million. At 30th June, 1967, the market value of the investments was £51 million.

Total dividend distributions amounted to £2.25 million.

West Driefontein Gold Mining Company Limited

The Group has a net beneficial interest of approximately 21 per cent. in West Driefontein Gold Mining Company Limited. This mine is the world's largest single producer of gold and during the year under review again achieved record results having produced some 2.4 million ounces of gold with a working profit amounting to £19 million. After deducting taxation amounting to £10.4 million distributions to shareholders totalled £6.7 million, an increase of 6 per cent. compared with the previous year.

Kloof Gold Mining Company Limited

The development and equipment for production of this large new mine on the West Wits line, in which the Group has a net beneficial interest of 28 per cent., is nearing completion. The sinking of the main hoisting shaft is behind schedule, due to water-bearing fissures and the bad ground encountered, but trial milling is expected to commence before the end of 1967. The target milling rate of 100,000 tons per month is expected to be reached in the second half of 1968. In the area explored from inception to 30th June, 1967, 80 per cent. of the development sampled proved to be payable at an average value of 741 inch-dwt.



Shaft-sinking crews at Kloof, the latest Gold Fields' mine to be established on the West Wits Line of South Africa. At a depth of more than 6,000 ft. below surface, this 50 ft. diameter chamber will house the head-frame of a sub-vertical shaft which will go down a further 3,600 ft.

PLATINUM

The Group, through its interest in the Waterval and Union Platinum companies, has a net beneficial interest of 21 per cent. in Rustenburg Platinum Mines Limited, the largest platinum producer in the free world.

Rustenburg's output of refined metal increased steadily during the year but demand for the company's platinum remained in excess of supply. As this situation has shown no signs of changing, Rustenburg has embarked on an enlarged expansion programme the objective of which is to raise productive capacity by a further 40 per cent. to 850,000 ounces of platinum per annum towards the end of 1969. Provisional estimates indicate that capital expenditure during the five years 1967 to 1971 may be of the order of £16.5 million which will be financed out of retained profits and from loan facilities.

Rustenburg's profit before tax for the year ended 31st August, 1967, amounted to £13.1 million and dividend distributions for the year were increased by 10 per cent. The gross dividend income received by the Group from its investment in platinum for the year to 30th June, 1967, amounted to £1.2 million.

VANADIUM AND ZINC

The Group has an interest of 40 per cent. in The South West Africa Company, Limited, which operates mines producing vanadium and zinc as well as lead, tin and tungsten. As a result of a somewhat lower output of lead vanadate concentrates and lower lead and zinc prices, the profit for the year before tax at £693,000 was £182,000 lower than in the previous year. Work has commenced on the sinking of a new vertical shaft at the Berg Aukas mine to exploit the orebodies lying below the bottom levels served by the present shaft system.

TIN

The combined production of the two mines administered by Gold Fields of South Africa Limited, namely, Rooiberg and Union Tin mines, increased by 4 per cent. but as a result of a sharp fall of over £150 per ton in the average net price received for tin and higher working costs, the profits before tax of the two companies, decreased from £902,000 to £638,000.

The programme of exploration in the vicinity of these two mines was intensified during the year and in certain areas the results have been encouraging.

OTHER MINERALS

Star Diamonds (Proprietary) Limited, which operates a diamond mine in the Orange Free State had a difficult year due to adverse mining conditions. The working profit before tax at £109,000 was £60,000 lower than in the previous year.

Apex Mines Limited, in which the Group has a net beneficial interest of 33 per cent., operates the Greenside colliery in the Eastern Transvaal. Sales at 1,060,000 tons were lower as a result of a reduction in demand for coal following a mild winter. This contributed to the lower working profit of £143,000 compared with £193,000 in the previous year. In order to finance the production of blend coking coal to meet its new thirty-year contract with the Highveld Steel and Vanadium Corporation Limited, the company raised £1.1 million by means of a rights issue during February, 1967.

Glenover Phosphate Limited, a wholly-owned subsidiary which works a phosphate deposit in the Northern Transvaal, made a working profit before tax of £64,000 for the year to 30th June, 1967.

INDUSTRIAL

The industrial division of Gold Fields of South Africa acquired new interests during the year including a majority holding in Rubber and Wheel Industries (Proprietary) Limited, which produces moulded rubber components. The remaining activities of the industrial division include the manufacture of locomotives, rock handling equipment, filtration plant and diamond drill crowns. Its principal markets include mines, industry and the South African Railways. The present economic conditions and credit restrictions adversely affected the engineering companies of the Group and in every case there was a fall in the gross profit margins earned. Notwithstanding an increase in turnover the consolidated profit before tax was lower at £168,000.

UNITED STATES OF AMERICA

GOLD FIELDS AMERICAN CORPORATION

This company has responsibility for the Group's interests in the United States and provides administrative services to the two other wholly-owned subsidiaries, Tri-State Zinc and Buell Engineering.

AMERICAN ZINC COMPANY

The Group has a 60 per cent. interest in this company which is engaged primarily in the mining, extraction and marketing of zinc. Its sales include slab zinc and zinc oxide, with sulphuric acid, cadmium and other materials as by-products. The company also produces crushed stone, river sands and gravels.

The company had an extremely difficult year. This was due to a number of factors including, in particular, a strike at the Tennessee mines which lasted for nearly five months, a substantial fall in sales of zinc metal due primarily to a contraction in demand from the automobile and galvanising industries, a reduction in the selling price of zinc from 14½ cents to 13½ cents per lb. in May, 1967, additional costs in starting up new plants and operations and increased interest and depreciation charges due to the large programme of modernisation and expansion. As a result of these adverse factors there was a loss of £937,000 compared with a profit before tax of £1,284,000 in the previous year. After allowing for a tax credit, the net loss amounted to £430,000. Quarterly dividends paid to shareholders totalled £441,000 compared with £881,000 in the previous year.

Notwithstanding its difficulties the company made substantial progress in its construction and mine development programme. At the year end all the new projects were nearing completion with the exception of the Immel mine which is not expected to come into production until the first half of 1968. Capital expenditure for the year amounted to £5.3 million and the balance of the loan facilities was fully taken up.

TRI-STATE ZINC, INC.

Operations at the New Market Zinc mine in Tennessee were adversely affected by a strike which lasted for over three months. In addition, erratic mineralisation continued to hamper mining operations. Due to these factors and the fall in the price of zinc, Tri-State recorded a loss for the year of £10,000 compared with a profit before tax of £77,500 for the previous year.

BUELL ENGINEERING COMPANY, INC.

This company manufactures and sells equipment for the control, recovery and classification of industrial dust. New orders, sales and orders on hand at the end of the year were all at record levels. There was also an encouraging increase in profit earned but the margin of profit in relation to turnover was still modest, largely as a result of the highly competitive conditions which continue to prevail.

AUSTRALASIA

CONSOLIDATED GOLD FIELDS AUSTRALIA LIMITED

This company is responsible for the management of the Group's interests in Australasia. The consolidated profit of the company and its subsidiaries amounted to £3,739,000. After deducting tax of £1,172,000 and minority interests of £921,000, the net profit was £1,646,000 compared with £1,293,000 in the previous year. The increase in profit was largely attributable to the commencement of operations at Mount Goldsworthy.

During the year the company was made public and 5,000,000 shares of Aus.\$1 (8s. 0d.) each, representing 22.7 per cent. of the total issued capital of 22,000,000 shares, were offered to and taken up by Australian investors at an issue price of Aus.\$2.50 (20s. 0d.) per share. At 30th June, 1967, the total capital employed by the company and its subsidiaries amounted to £26 million.

Gold Fields House, overlooking Sydney Cove, was completed in December, 1966, three months ahead of schedule, and became the Group's Australian headquarters. Group companies occupy the top floors of the twenty-seven storey building and satisfactory progress has been made in letting the remaining space.

The following paragraphs contain details of the major interests of the Group in Australasia.

COAL

The bulk of the coal produced by The Bellambi Coal Company Limited was exported to Japan. A re-negotiation of the existing sales contracts has assured a substantial export outlet for the company's coking coal until April, 1973.



The longwall mining equipment, which had been expected to bring about a substantial increase in production but which had been withdrawn from operation for modification by the manufacturers, was in the process of being re-installed at the close of the year. The profit before tax, therefore, showed little improvement at £145,000 compared with £141,000 in the previous year.

COPPER

The Mount Lyell Mining and Railway Company Limited, which operates a large open-cut pit and adjacent underground deposits in Tasmania, produced 14,600 tons of copper compared with 13,900 tons in the previous year.

Increased production and favourable metal prices during the year resulted in a record profit before tax of £1,579,000 compared with £1,298,000 in the previous year.

The exploratory drilling of the mineralised ground under the open-cut mine has continued and feasibility studies are in progress to determine the possibility of mining this ground profitably.

INDUSTRIAL

Zip Holdings Limited, which operates a number of manufacturing companies and wholesale outlets throughout New Zealand, again had a disappointing year. The net profit for the year before tax of £251,000 compared with £265,000 for the previous year. The failure of profits to recover from last year's low figure, despite improvements in manufacturing costs, was due to increased competition and depressed economic conditions in New Zealand.

IRON ORE

Goldsworthy Mining Limited, the operating company for Mount Goldsworthy Mining Associates, in which Consolidated Gold Fields Australia Limited has a one-third participation, completed the Mount Goldsworthy mining facilities, the railway and the loading and port facilities at Port Hedland in the north of Western Australia during the year.

Notwithstanding a severe cyclone which struck the area in January, 1967, causing widespread damage, 2.2 million tons of ore were shipped during the year. This was in excess of the quantity which the sales contract specified for this period.

The share of profit before tax from these operations attributable to Consolidated Gold Fields Australia Limited amounted to £641,000 of which £463,000 has been included in Group profits and the remainder retained by the operating company.

The original sales contract with Japan for 16.5 million tons of lump ore to be delivered before March, 1973, was supplemented during the year by an additional contract for 3.1 million tons of fines to be delivered by the same date. Total production and shipments have been built up to the required rates.



MINING FINANCE

The operations of Commonwealth Mining Investments (Australia) Limited, including surplus on the realisation of investments, resulted in a total surplus before tax of £563,000 compared with £583,000 in the previous year.

The market value of the company's quoted investments, spread amongst a wide range of mineral and industrial shares in Australia, North America and South Africa, amounted at 30th June, 1967, to £6.23 million compared with the book value of £3.68 million.

RUTILE AND ZIRCON

The Group's investment in the mineral sands industry is held through Associated Minerals Consolidated Limited which, in May, 1967, merged with Wyong Minerals Limited, already a Group subsidiary. As the result of this merger, Associated Minerals has entrenched its position as the world's largest producer of rutile and zircon. The combined output of the two companies for the year was 82,100 tons of rutile and 73,300 tons of zircon, compared with a combined production of 67,300 tons of rutile and 66,900 tons of zircon in the previous year.

The new treatment plant at Hexham, with the associated dredge at Swan Bay, is now operating at designed capacity and contributed to this record production.

The aggregate profits of the two companies before tax amounted to £779,000 compared with £702,000 in the previous year.

TIN

Renison Limited, which operates in Tasmania, commissioned a new 1,000 tons per day treatment plant in December, 1966. Including the underground development of the orebody to feed this plant, and the housing estate and other associated works, the total cost of the project was approximately £3.8 million.

Considerable technical difficulties have been encountered in obtaining satisfactory tin recoveries. In consequence of this and the start-up costs of the new plant, the profit before tax was £16,000 compared with £160,000 in the previous year, notwithstanding an increase in production of tin in concentrates from 429 to 543 tons of tin.

EXPLORATION

Exploration continued during the year throughout the Australian continent. A considerable number of prospects were examined, but no discoveries of economic significance were made.

CANADA

NEWCONEX HOLDINGS LIMITED

This company, in which the Canadian public holds a 40 per cent. interest, is the main vehicle for the operations of the Gold Fields Group in Canada. Its main objective is to engage actively in the development of Canadian mining and industrial enterprises.

Of the option warrants originally issued to shareholders of Newconex Holdings, approximately 98 per cent. had been exercised by the expiry date in February, 1967. This subscription for additional ordinary shares has provided the company with an extra £2.2 million of working capital and, largely as a result of this, the net asset value of the company at 30th June, 1967, including appreciation on the investment portfolio, increased to £4.9 million.

Profits before tax amounted to £155,000 and capital profits on the realisation of certain investments amounted to £47,000. In June, 1967, a maiden dividend was declared on the enlarged capital.

During the year, Newconex Holdings acquired from Newconex Canadian Exploration Limited its 46 per cent. interest in Buffalo River Exploration Limited, a new company formed to take over a lead/zinc prospect discovered in 1966 in the Pine Point area.

Newconex Holdings also acquired 75 per cent. of the ordinary shares of Pacific Truck and Trailer Manufacturing Limited, a company which manufactures heavy logging trucks and trailers for the pulp and paper and lumber industries. The company is based in Vancouver and has branches elsewhere in British Columbia.

The funds of Newconex Holdings continue, in the main, to be invested in mining and industrial securities and short term investments.

NEWCONEX CANADIAN EXPLORATION LIMITED

The mineral exploration programme of this wholly-owned subsidiary was continued during the year. The company also participated in several joint ventures, the most important of which is in the Coppermine River area of the Northwest Territories where several interesting copper showings have been discovered.

UNITED KINGDOM

INDUSTRIAL

During the year under review the industrial subsidiaries in the United Kingdom were engaged in the production of a wide variety of finished articles and component parts in ferrous and non-ferrous metals, in electro-plating and other forms of metal finishing and in the design and supply of dust control equipment, industrial dryers and pneumatic conveying systems.

The capital employed by these companies at 30th June, 1967, was approximately £1.6 million. The aggregate turnover for the year was £4.2 million and profits before tax totalled £391,000.

Higher sales were achieved by Alumasc Limited as a result of an increased demand for aluminium barrels and allied equipment from the brewery industry, coupled with greater activity by the company in the general industrial field. As a result, the combined profits of Alumasc and its subsidiaries were materially higher than in the previous year.

Ambuco Limited, which specialises in the design and supply of equipment for the collection and recovery of industrial dust and fume, established two new divisions to handle industrial dryers and pneumatic conveying systems. Sales were well maintained but profits were lower mainly as a result of the initial costs relating to the new divisions.

Metalion Limited, which is engaged in metal finishing and light engineering, was adversely affected by the continuing recession in industry and profits were lower.

Musgrove & Green Limited, which produces a wide range of light metal fabrications, was affected to some extent by the low activity of business generally but the profits were maintained.

COMMERCIAL

The profits of C. Tennant, Sons & Company, Limited and its subsidiaries were £340,000 before tax compared with £241,000 in the previous year.

Earnings from sales of chemicals by Tennant Trading Limited were considerably higher largely due to exceptional opportunities in certain fields. Sales of alloys and metals were maintained in spite of difficult economic conditions.

The export financing activities of Tennant Guaranty Limited continued to be satisfactory. Turnover was the highest yet achieved and profits again showed an increase.

EXPLORATION

Consolidated Gold Fields Limited intensified its exploration activities in the British Isles during the year and work continued to be concentrated mainly in old mining areas of the Cornish tin field. A diamond drilling campaign carried out in one of these areas proved sufficiently encouraging to warrant the opening up of old underground workings for further prospecting. This work is still in progress.

The drilling results obtained in the investigation of two lead prospects in Scotland were discouraging and did not justify further work.

In Eire work continues on a geochemical sampling programme with the objective of locating drilling targets.

Principal Subsidiary Companies

and

Principal Group Interests

in which the equity interest exceeds 10%

COMPANY AND COUNTRY OF OPERATIONS	COMBINED INTEREST OF PARENT AND SUBSIDIARIES	GROUP BENEFICIAL INTEREST IN EQUITY	PRINCIPAL ACTIVITIES
	%	%	
South Africa			
Gold Fields of South Africa Ltd.	100	100	Finance and management
Doornfontein Gold Mining Co. Ltd.	12	12	Gold mining
Kloof Gold Mining Co. Ltd.	14	14	
Luipaards Vlei Estate and Gold Mining Co. Ltd. (incorporated in U.K.)	11	11	
Spaarwater Gold Mining Co. Ltd.	11	11	
Sub Nigel Ltd.	11	11	
Vlakfontein Gold Mining Co. Ltd.	10	10	
Vogelstruisbult Gold Mining Areas Ltd.	20	18	Gold mining investment
West Driefontein Gold Mining Co. Ltd.	13	13	
West Witwatersrand Areas Ltd.	42	42	
Union Platinum Mining Co. Ltd.	12	11	Holding companies—platinum
Waterval (Rustenburg) Platinum Mining Co. Ltd.	46	46	
Apex Mines Ltd.	35	33	Coal mining
Glenover Phosphate Ltd.	100	100	Phosphate mining
Rooiberg Minerals Development Co. Ltd.	21	19	Tin mining
Star Diamonds (Pty.) Ltd.	100	34	Diamond mining
South West Africa Co. Ltd. (incorporated in U.K.)	40	40	Zinc and vanadium mining
Union Tin Mines Ltd.	29	9	Tin mining
Vierfontein Colliery Ltd.*	14	14	Coal mining
Anglo-Rand Mining & Finance Corporation Ltd.	58	32	Mining finance
Beatrice Gold Mining Co. Ltd. (incorporated in Rhodesia)	61	27	
Eimco (South Africa) (Pty.) Ltd.	55	55	Marketing and general agency
G. F. Diamond Drilling and Development Co. (Pty.) Ltd.	100	100	Diamond drill bits
G. F. Industrial Holdings Co. Ltd.	100	100	Holding company
G. F. Industrial Property Co. (Pty.) Ltd.	100	77	Property company
Hunslet Taylor Consolidated (Pty.) Ltd.	90	90	Locomotives, mining equipment
Kiln Products Ltd.	51	44	Production of zinc oxides
Lydenburg Gold Farms Co. Ltd.	44	24	Mining finance
New Durban Gold and Industrials Ltd.	84	77	Property company
New Witwatersrand Gold Exploration Co. Ltd.	55	55	Mining finance
Rubber and Wheel Industries (Pty.) Ltd.	75	75	Moulded rubber components
Selected Mining Holdings Ltd.	63	34	Holding company—diamonds
South African Quarry Industries Ltd.*	24	18	Lime and gravel
Taycent Engineering Co. (Pty.) Ltd.	100	100	Light engineering
Zinc Corporation of South Africa Ltd.	43	32	Zinc smelting

Note: West Witwatersrand Areas Ltd. and its subsidiaries have substantial holdings in many of the Group's South African interests. Such holdings which are not reflected in the above figures include interests of 35% in Kloof Gold Mining Co. Ltd., 27% in Libanon Gold Mining Co. Ltd., 21% in Venterspost Gold Mining Co. Ltd., 20% in West Driefontein Gold Mining Co. Ltd. and 19% in Doornfontein Gold Mining Co. Ltd.

Australia

Consolidated Gold Fields Australia Ltd.	76	76	Finance and management
Associated Minerals Consolidated Ltd.	66	48	Rutile and zircon production
Bellambi Coal Co. Ltd.	69	51	Coal mining
Commonwealth Mining Investments (Australia) Ltd.	60	46	Mining finance
Goldsworthy Mining Ltd.*	33	25	Iron ore mining
Lake View & Star Ltd. (<i>incorporated in U.K.</i>)	16	12	Gold mining
Mount Lyell Mining and Railway Co. Ltd.	60	47	Copper mining and smelting
New Consolidated Gold Fields (Australasia) Pty. Ltd.	100	76	Mining exploration
Renison Ltd.	64	34	Tin mining

Canada

Newconex Holdings Ltd.	60	60	Finance and management
Charles Albert Smith Ltd.	80	74	Marketing and general agency
Newconex Canadian Exploration Ltd.	100	100	Mining exploration
Pacific Truck and Trailer Manufacturing Ltd.	75	45	Trucks for lumber industry
Pyramid Mining Co. Ltd.*	11	7	Mining exploration

Eire

Silvermines Lead and Zinc Co. Ltd.*	15	15	Lead and zinc mining
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New Zealand

Zip Holdings Ltd.	51	39	Domestic hardware
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Norway

A/S Bjolvefossen*	27	27	Ferro-alloys
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United Kingdom

Gold Fields Mining & Industrial Ltd.	100	100	Finance and management
Alumasc Ltd.	89	89	Aluminium products
Ambuco Ltd.	100	100	Dust and fume control plant
Anglo-French Exploration Co. Ltd.	100	100	Investment
British-Borneo Petroleum Syndicate Ltd.*	11	11	} Holding and finance
Gold Fields Industrial Holdings Ltd.	100	100	
Greenwoods (St. Ives) Ltd.	99	99	Aggregates, concrete and transport
Metalion Ltd.	100	100	Metal finishing processes
Mining and Metallurgical Agency Ltd.	50	50	Marketing and general agency
Musgrove & Green Ltd.	85	85	Metal fabrication
C. Tennant, Sons & Co. Ltd.	100	100	Holding and finance
Tennant Guaranty Ltd.	100	100	Export finance
Tennant Trading Ltd.	100	100	Trading and general agency

U.S.A.

Gold Fields American Corporation	100	100	Management
American Zinc Co.	60	60	Zinc mining and smelting
Buell Engineering Co. Inc.	100	100	Dust and fume control plant
Tri-State Zinc, Inc.	100	100	Zinc mining

**All the above companies are administered by the Group except those marked with an asterisk.*

Note: In the case of subsidiary companies listed, the Group interest percentages represent the proportion of the profits of each company which is attributable to the shareholders of Consolidated Gold Fields Limited.

Other Group Interests

in which less than 10% of equity capital is held but where the Stock Exchange value of the holding at 30th June, 1967, was in excess of £200,000

COMPANY	PRINCIPAL ACTIVITIES
Australia	
Broken Hill Proprietary Co. Ltd.	Iron and steel
I.C.I. of Australia & New Zealand Ltd.	Chemicals
Mount Isa Mines Ltd.	Copper, lead, zinc and silver mining
New Broken Hill Consolidated Ltd.	Lead, zinc and silver mining
Western Mining Corporation Ltd.	Gold and nickel mining
Western Titanium N.L.	Ilmenite mining
Westralian Oil Ltd.	Rutile and zircon
Canada	
Alcan Aluminium Ltd.	Holding company
Canadian Superior Oil Ltd.	} Oil production
Dome Petroleum Ltd.	
Falconbridge Nickel Mines Ltd.	} Nickel mining
International Nickel Company of Canada Ltd.	
Pine Point Mines Ltd.	Lead and zinc mining
Placer Development Ltd.	Exploration and development
South Africa	
African Explosives & Chemical Industries Ltd.	Explosives and chemicals
De Beers Consolidated Mines Ltd.	Diamond mining
Buffelsfontein Gold Mining Co. Ltd.	} Gold mining
Elsburg Gold Mining Co. Ltd.	
Harmony Gold Mining Co. Ltd.	
St. Helena Gold Mines Ltd.	
Western Areas Gold Mining Co. Ltd.	
Western Deep Levels Ltd.	
Western Holdings Ltd.	
Western Reefs Exploration and Development Co. Ltd.	
U.K.	
Burmah Oil Co. Ltd.	Oil
Johnson, Matthey & Co. Ltd.	Precious metals
Rio Tinto-Zinc Corporation Ltd.	Mining finance
"Shell" Transport and Trading Co. Ltd.	} Oil
Ultramar Co. Ltd.	
U.S.A.	
American Smelting and Refining Co.	Copper mining, smelting and refining
Cities Service Co.	Oil and gas
Hecla Mining Co.	Lead, zinc and silver mining
Kawecki Chemical Co.	Chemicals
Kennecott Copper Corporation	Copper mining and smelting
Utah Construction & Mining Co.	Civil engineering and mining

The following information is given in compliance with the requirements of the London Stock Exchange:—

	SHARES ISSUED	LOAN CAPITAL	TOTAL RESERVES
West Witwatersrand Areas Ltd.	10,016,728 (R 0.25 each)	£3,929,975	£14,518,476
Waterval (Rustenburg) Platinum Mining Co. Ltd.	7,425,000 (R 0.25 each)	—	£1,182,586
Goldsworthy Mining Ltd.	6,000,000 (Aus. \$1 each)	£11,332,260	£567,818

Analysis of Turnover and Profits

	<i>Total Turnover</i>	<i>Profit</i>
	£000's	£000's
Dividends and Interest on Investments in Non- Subsidiary Companies	6,738	6,738
Realisation of Investments	10,564	2,680
Industrial and Commercial Subsidiary Companies—		
Sales of manufactured goods	17,457	1,198
Agency, financing and confirming sales	27,908	329
Mining Subsidiary Companies	33,700	2,547
Administration and Technical Fees received, Com- mission and Sundry Revenue	2,881	2,881
	<hr/>	<hr/>
TURNOVER, AND PROFIT before Administration Expenses etc., Loan Interest and Taxation . .	99,248	16,373
<i>Less:</i> Administration, Technical and General Office Expenses	3,547	
Interest payable on Debentures and Loans .	1,595	
	<hr/>	5,142
	<hr/>	<hr/>
TURNOVER, AND PROFIT BEFORE TAXATION .	<u>99,248</u>	<u>11,231</u>

Ten Year Financial Summary

Figures in £000's

	1958	1959	1960	1961
EARNINGS				
Income:				
Investment Income	2,376	2,285	3,727	4,661
Profit on Realisation of Investments . .	137	902	1,146	1,176
Industrial Companies—net Revenue . .	441	207	526	976
Mining Companies—net Revenue . .	66	120	390	381
Fees, Commission and Sundry Revenue .	1,436	1,538	1,650	2,026
	<u>4,456</u>	<u>5,052</u>	<u>7,439</u>	<u>9,220</u>
Expenses:				
Administration	1,485	1,559	2,051	2,165
Interest on Debentures and Loans . .	100	54	24	229
	<u>1,585</u>	<u>1,613</u>	<u>2,075</u>	<u>2,394</u>
PROFIT BEFORE TAXATION . . .	2,871	3,439	5,364	6,826
Taxation	<u>1,158</u>	<u>1,075</u>	<u>2,124</u>	<u>2,646</u>
NET PROFIT FOR THE YEAR . . .	1,713	2,364	3,240	4,180
Attributable to outside shareholders . .	<u>14</u>	<u>51</u>	<u>52</u>	<u>149</u>
GROUP NET PROFIT	<u>1,699</u>	<u>2,313</u>	<u>3,188</u>	<u>4,031</u>
Allocation of Profit:				
Dividends paid†	893	1,110	1,579	1,729
Retained	806	1,203	1,609	2,302
	<u>1,699</u>	<u>2,313</u>	<u>3,188</u>	<u>4,031</u>
†Dividends paid to 5th April, 1966, shown net; thereafter gross				
Dividends per Ordinary Share	4s.6d.	5s.0d.	5s.0d.	5s.0d.
Charged against Investment and Exploration Reserve	1,279	461	1,157	2,329
CAPITAL EMPLOYED				
Net Assets:				
Investments (at book value)*	15,167	16,531	23,542	25,974
Fixed Assets	1,442	1,068	2,422	2,367
Current Assets	18,968	17,065	9,757	13,164
	<u>35,577</u>	<u>34,664</u>	<u>35,721</u>	<u>41,505</u>
Less Current Liabilities and Provisions .	14,618	12,781	6,671	6,655
	<u>20,959</u>	<u>21,883</u>	<u>29,050</u>	<u>34,850</u>
Outside shareholders' interests	161	184	302	1,563
	<u>20,798</u>	<u>21,699</u>	<u>28,748</u>	<u>33,287</u>
Share Capital, etc.:				
Capital	8,903	9,422	12,466	13,451
Group Reserves	10,005	11,691	15,910	14,524
Loan Capital	1,890	586	372	5,312
	<u>20,798</u>	<u>21,699</u>	<u>28,748</u>	<u>33,287</u>
*The Stock Exchange value of quoted investments exceeded their book value included in the above by				
	10,830	21,462	18,153	16,404

CONSOLIDATED GOLD FIELDS LIMITED

AND SUBSIDIARY COMPANIES

1962		1963		1964		1965		1966		1967	
5,085		5,496		5,920		6,400		6,926		6,738	
1,668		1,480		1,779		2,068		2,340		2,680	
437		403		1,114		1,406		1,281		1,527	
366		752		1,951		3,111		3,794		2,547	
2,192		2,088		2,223		2,455		2,818		2,881	
—	9,748	—	10,219	—	12,987	—	15,440	—	17,159	—	16,373
2,339		2,503		2,654		2,955		3,224		3,547	
379		417		744		880		1,330		1,595	
—	2,718	—	2,920	—	3,398	—	3,835	—	4,554	—	5,142
	7,030		7,299		9,589		11,605		12,605		11,231
	2,949		2,619		3,667		4,035		3,674		3,621
	4,081		4,680		5,922		7,570		8,931		7,610
	248		459		817		1,303		1,689		1,372
	3,833		4,221		5,105		6,267		7,242		6,238
1,894		2,121		2,334		2,704		3,870		4,425	
1,939		2,100		2,771		3,563		3,372		1,813	
—	3,833	—	4,221	—	5,105	—	6,267	—	7,242	—	6,238
	5s.0d.		5s.6d.		6s.0d.		6s.6d.		5s.6d.		5s.6d.
	2,145		716		999		1,399		224		528
25,113		26,435		29,291		33,229		38,101		42,085	
5,007		12,135		14,043		20,950		28,464		36,264	
13,814		19,645		31,995		37,072		41,098		48,076	
43,934		58,215		75,329		91,251		107,663		126,425	
6,561		9,342		23,650		25,805		30,962		33,479	
—	37,373	—	48,873	—	51,679	—	65,446	—	76,701	—	92,946
	2,694		7,008		7,555		10,557		12,314		17,715
	34,679		41,865		44,124		54,889		64,387		75,231
14,528		14,528		15,000		16,500		16,500		17,625	
14,626		15,393		16,905		21,264		24,411		31,025	
5,525		11,944		12,219		17,125		23,476		26,581	
—	34,679	—	41,865	—	44,124	—	54,889	—	64,387	—	75,231
	22,221		23,140		34,057		46,963		58,057		60,494

Financial Calendar

Ordinary Shares	Interim Dividend	Announced Paid	2nd March, 1967 12th May, 1967
	Final Dividend	Announced Payable	28th September, 1967 1st December, 1967 to shareholders registered on 27th October, 1967
Preference Shares			
7 per cent. First Cumulative		Dividends payable	1st January and 1st July
7 per cent. Second Cumulative		„	1st April and 1st October
Half year Results		Announced	2nd March, 1967
Full year Results		„	28th September, 1967
Report and Accounts		Posted to Shareholders	28th October, 1967
Annual General Meeting		At the Chartered Insurance Institute, 20 Aldermanbury, London, E.C.2, at 11.30 a.m.	21st November, 1967
Chairman's Statement		To be posted to Shareholders	24th November, 1967

Capital Gains Tax

The prices of the Company's shares on 6th April, 1965, for the purpose of the capital gains tax provisions of the Finance Act, 1965, were as follows:—

Ordinary Shares	95s. 3 $\frac{3}{4}$ d.
7 per cent. First Cumulative Preference Shares	18s. 9d.
7 per cent. Second Cumulative Preference Shares	18s. 9d.

TO SHAREHOLDERS

Please advise the Chief Registrar, 49 Moorgate, London, E.C.2, or the Johannesburg Registrar, 75 Fox Street, Johannesburg, of any change in your address.

AR45



CHAIRMAN'S REVIEW

1967

File

Consolidated Gold Fields Limited

REVIEW BY THE CHAIRMAN,
SIR GEORGE HARVIE-WATT,
BART., T.D., D.L., Q.C.

AT THE ANNUAL GENERAL MEETING OF THE COMPANY
ON 21st NOVEMBER, 1967

After seven successive years of increased Group profits, it is disappointing to report a lower figure than the record achieved last year. This temporary set-back has been due to the adverse results of our principal subsidiary company in the United States, American Zinc.

In our other spheres of activity and in our other territories the Group earned higher profits. Although these were not sufficient to outweigh the American Zinc losses, they enabled your Board to recommend the maintenance of the Ordinary Dividend on the enlarged equity capital.

Group profits after deducting taxation and minority interests amounted to £6.2 million, a decrease of £1 million compared with the previous year.

Dividends cost £4.4 million and the balance of profit has been retained towards the cost of capital expenditure programmes.

Fixed assets rose during the year by £7.8 million to £36.2 million. This was due to expenditure by our subsidiary companies in America and Australia. The benefits from this expenditure have not yet been obtained but will be reflected in increased earnings in the future.

Investments increased by £3.9 million to £42 million. At 30th June, 1967, quoted investments had a Stock Exchange value of £96 million, some £60 million in excess of their book value.

Capital employed now totals £92 million, a rise of £16 million over the previous year. This increase is attributable to equity issues by the parent company in London and by subsidiaries in Australia and Canada, as well as further borrowings in America and the retention of profits.

Total assets of the Group, including Stock Exchange values for quoted investments, amounted to approximately £175 million, an increase of £20 million over last year and more than three times the total of £54 million in 1960. The proportion of these assets employed in each of the territories in which we operate shows little material change from 1966.

As I have indicated on previous occasions, the Company is constantly seeking new opportunities for investment both at home and overseas and I am glad to say the momentum is being maintained.

PROGRESS IN SOUTH AFRICA

In South Africa the year was marked by two events with exciting implications for the further development of our interests.

On the Far West Rand, the programme of exploratory diamond drilling conducted over the past three years by West Witwatersrand Areas to the east of West Driefontein has been successfully concluded. The technical assessment has confirmed that the area is underlain by a substantial tonnage of ore at mineable depths. If all goes according to plan, the initial capital required by this new mining venture will be raised towards the middle of 1968. The Group has a very large potential interest through West Witwatersrand Areas.

In the base metal field, the Group took the lead in the establishment of the Zinc Corporation of South Africa. This company will operate a refinery for the production of electrolytic zinc with a capacity sufficient to meet South Africa's entire current requirements which hitherto have been imported. The project is being undertaken in conjunction with the South African Iron & Steel Industrial Corporation and we are very glad to be associated with them in this pioneering venture. Over £7 million is involved in the refinery and an ancillary operation for production of one of the necessary raw materials, namely, zinc oxide. The total interest held by Group and administered companies exceeds 50 per cent. and it is significant that both the loan and equity capital required have been raised entirely in South Africa.

Gold production by Group administered mines, in all of which we have considerable interests, again exceeded 5 million ounces, but costs continued to rise under the influence of inflationary trends. Nevertheless, the working profits of all the companies taken together increased to nearly £28 million. This is indeed a remarkable achievement. Amounts available for appropriation were, however, somewhat lower chiefly as a result of the imposition of a further 5 per cent. surcharge on gold mining taxation.

New agreements have been made with the Federation of Mining Unions, which include arrangements for payments based on productivity, and it is hoped that these will lead to increased efficiency and profitability.

Work is proceeding rapidly at the new Kloof mine where, since the start of operations, over 80 per cent. of development sampled has proved payable. A substantial tonnage has already been proved in preparation for full-scale mining operations and we expect that trial milling will begin next month. We have a large interest in Kloof and can look to this investment to provide a considerable increase in our total dividend income from gold mines in South Africa.

Our interest in gold is centred principally in the mines on the West Wits Line, which accounted for the bulk of the increased working profits of Group administered mines. West Driefontein, in particular, achieved a further satisfactory advance and its total working profits rose from £18 million to nearly £19 million. The trend of South Africa's annual gold production appears to be declining, but on the West Wits Line, which was pioneered by Gold Fields, the output of Group mines, both existing and planned, should, even at the present price, be greater in the 1980's than it is today.

Already, free world requirements of gold for industry and for private saving exceed new production. In the absence of a rise in price, there is bound to be serious erosion of free world monetary gold stocks in the next decade. New monetary arrangements may eventually supplement gold but will not replace it. We remain confident that gold has a continuing role in international finance.

Our interest in platinum, which after gold represents the Group's second-largest investment in South Africa, had a Stock Exchange value of £23 million. Demand for the Rustenburg company's platinum continues to be in excess of supply and a further expansion programme has been started. The total capital expenditure projected for the period to 1971 will be increased to over £16 million. Productive capacity at the mine is expected to be equivalent to 850,000 ounces of platinum per annum by the end of 1969, compared with the existing capacity of 600,000 ounces per annum. Annual gross dividend income from our platinum holdings is now in excess of £1.2 million and further increases can be expected over the next few years. It must be recognised, however, that the very large demands which planned expansion will make on the Rustenburg company's cash resources must delay for a period a full distribution of profits earned.

Our other mining interests in South Africa did not escape the effects of inflation and lower metal prices, but there is encouragement in the additional capacity at Greenside Colliery and in the plans which are under consideration for a further increase in production by the Rooiberg tin mine. Further encouragement comes from a prospecting venture now in progress where there is a possibility that a payable fluorspar deposit has been located. We can look forward, therefore, to this sector of our South African operations producing more revenue in the future.

Our investment in the industrial field was further expanded by new acquisitions, this sector now producing a wide range of equipment for use in mining, rock-handling, rail transport, chemical and metallurgical processes. This expansion will enable us to meet the increased competition arising from credit restraints now in force in South Africa, and can be expected to lead to substantially higher earnings when these restraints are removed.

NORTH AMERICAN INTERESTS

In the United States, the American Zinc Company had a most disappointing year. The strike at the Tennessee mines which lasted for nearly five months, together with unfavourable market conditions, resulted in a net loss of £430,000.

While the company was able to obtain raw materials from other sources during the strike at its own mines, sales of finished products fell by some 14 per cent. largely owing to a decreased demand from the motor industry, a reduction in consumer stocks and lower sales by the steel mills of galvanised products.

However, while the year's financial results were unsatisfactory, great progress was made towards completing the plans for modernisation and expansion to which I referred last year. Although certain of the major items of the £10 million capital programme have yet to achieve their full capacity and efficiency, the programme is now virtually complete. The one exception is the new Immel mine where work was delayed as a result of the strike but production is now expected to start early next year.

Looking at the zinc industry in the United States as a whole, there was a considerable build up of metal stocks in the first six months of 1967, partly for the reasons I have already mentioned and partly

also as a result of increased imports. Supply is now running ahead of demand. While there is some doubt in the short term about the maintenance of the zinc price, American Zinc, as a result of its modernisation, is in a very much stronger position to withstand a period of weak markets should these develop.

These factors will undoubtedly affect the current year's results of American Zinc, but by the end of the year all the new plants should have settled down, and with the encouraging results we have had from development at the Immel Mine, we can look forward to much better times.

At the New Market mine in Tennessee, which is a joint venture with the American Zinc Company, operations were also seriously affected by the strike, and the grade of ore mined was not up to our original expectations. However, we do not consider it necessary to change our confident view of the long-term prospects of this venture.

During the year the administration of this property was transferred to American Zinc and, as a result, we have achieved a reduction in overhead expenditure and improved co-ordination of technical facilities.

Our other interest in the United States is the wholly-owned subsidiary, Buell Engineering, which specialises in the manufacture of dust control equipment. The current legislation to limit air and water pollution in the United States has extended the scope for such equipment and to take full advantage of this favourable situation Buell is devoting increased effort to research and development. This company had a very satisfactory year, achieving its highest profits since 1958. Sales were again a record although profit margins are still low.

In Canada, the financial position of Newconex Holdings Limited was considerably strengthened as a result of the exercise of the warrants issued with the original Ordinary shares in 1962. These warrants, which entitled the holders to subscribe for new shares at a price of \$5 each, expired in February when approximately 98 per cent. had been taken up.

Newconex has taken its first venture into the industrial field by the purchase of 75 per cent. of the Ordinary share capital of the Pacific Truck and Trailer Company of Vancouver. This company manufactures trucks and trailers designed primarily for use by the logging industry and for other specialised heavy loads. While its markets have been mainly in British Columbia, where the forest products industry is continually expanding, we believe that the company has good prospects both in the export market and in diversifying its present range of equipment.

With the expectation of a satisfactory level of income in the future, Newconex declared its maiden dividend during the year.

Our Exploration Company in Canada was active throughout the period and examined a large number of prospects. The most encouraging of these is in the Coppermine River area of the North West Territories. In conjunction with partners, we are continuing exploratory work on this prospect where there are extensive showings of copper mineralisation.

ACHIEVEMENT IN AUSTRALIA

In Australia two important developments dominate the story of the Group's interests during the past year.

The first was the issue of shares to the public by Consolidated Gold Fields Australia Limited, so continuing our established policy of giving the Australian public a direct stake in the Group's growing operations in that part of the world. The second was the completion of the first year of production at Mount Goldsworthy, which has fully lived up to our most hopeful expectations in its contribution to Group income. It is still only 18 months since production began but shipments are now being made at a rate of over 3 million tons per annum in accordance with current sales contracts with the Japanese steel industry. Productive capacity is being increased and further contracts are being sought. The Mount Newman consortium plans to mine iron ore from an area to the south of Mount Goldsworthy and, like Goldsworthy, will use Port Hedland as its outlet. Negotiations for the joint use of Port Hedland harbour facilities are in progress between the Mount Newman and Mount Goldsworthy consortia and are expected to be concluded to the mutual advantage of both parties.

These new developments have been backed up by solid progress elsewhere. Mount Lyell had another excellent year. While its record profits were due in large measure to the high copper prices which prevailed during the year, they were also based on very creditable operating results. We have perhaps been fortunate that troubled conditions in other producing centres have prevented the world copper mining industry from reaching its full output capacity. The price of the metal was accordingly pushed up substantially in 1966 and it still remains at a satisfactory level, though we must anticipate that the price of copper is bound to fluctuate. To meet this situation and the inevitable rising trend of working costs, Mount Lyell is pressing ahead with plans for expanding plant capacity and underground ore production. The prospects for the company seem good.

In the past year the results of our mineral sands operations again made a major contribution to Group profits. Our interests in rutile and zircon production through Associated Minerals and Wyong Minerals have now been merged and we can look for benefits from the unified technical and administrative control. Demand for rutile and zircon remains strong and, to take advantage of this, Associated Minerals is installing a large new dredge and ancillary plant on South Stradbroke Island near Brisbane. Good progress is being made and the plant is scheduled to come into operation in the latter part of the current financial year.

This is a story of great success in our Australian enterprises but such progress is only achieved through overcoming set-backs and problems which must face us from time to time. At Renison, for example, we have a considerable technical challenge. This is one of the outstanding tin deposits in terms of tonnage of ore and metal content. The problem, however, is that the use of old and tried metallurgical methods when applied on a production scale to this difficult ore have so far given inadequate recoveries of tin. Nevertheless, we have every expectation that further development of these methods and of new techniques will enable the full potential of this mine to be realised.

Bellambi is another mine where we are having to overcome many problems. Fully mechanised mining of coal by the longwall system is well established in Britain and on the Continent, but we are among the pioneers of this method in Australia. We believe it holds the key to a really bright future for mines such as Bellambi and I am happy to tell you that we are now beginning to get the better results for which we have been looking.

I cannot leave the subject of Australia without referring to the search for nickel which is arousing so much interest in the Kalgoorlie area, where other companies have made exciting discoveries. Our

Group is also very active in this field and has a number of properties in promising locations. In particular I would mention the Western Australian Government's recent award of exploration rights over the extensive Lake Rebecca concession jointly to Consolidated Gold Fields Australia and Lake View and Star Limited. The investigation of these areas is bound to be a prolonged operation and it is still too early even to guess at their possibilities.

INCREASED ACTIVITIES IN BRITAIN

Turning now to the United Kingdom, the acquisition of Greenwoods (St. Ives) Limited, after the end of our financial year, is an example of our intention to find new investments in this country. The company's activities are widespread ; they include the extraction and sale of sand and gravel in eleven counties, as well as stone quarrying, in both of which operations Gold Fields already has experience. Greenwoods has a large general transport haulage fleet and also produces ready-mixed concrete, and concrete products ranging from prefabricated bridges and pipes to bricks and paving slabs. The more detailed investigations which we have now been able to make have confirmed our belief that we shall be able to expand the company's activities and to derive mutual benefits from collaboration with the Group's other interests.

Our industrial and commercial companies in the United Kingdom have had another satisfactory year in spite of the trading difficulties arising from the credit squeeze. The major contributors in this field are Alumasc and Tennants, both of which reported increases in profits. There was improved demand for the aluminium barrels and allied equipment which Alumasc supplies to the brewery industry and Tennants did well in both their trading and export financing divisions. As a result, the combined profits of the United Kingdom subsidiaries were well up on those of the previous year.

Finally, in this country, I am able to report encouraging results from our mineral exploration work. We have increased our activity in recent years, particularly in the old tin mining areas of Cornwall. Here, our prospecting has revealed considerable tonnages of tin-bearing ore of good grade below the level of earlier workings in the Wheal Jane area near Truro. A feasibility study is now being made and subject to this and the price of tin remaining at a reasonable level a decision to proceed with production is likely to be taken during the next few months. This could well turn out to be an interesting and attractive venture.

Looking back on the year's activities, it is clear that but for the difficulties in the United States affecting the American Zinc Company this would have been a more satisfactory year. Now that we have a wider spread of interests there are bound to be some fluctuations. The changes in non-ferrous metal prices may be substantial and in industry and our economy generally the level of activity is conditioned by many pressures not least by Government policies, as was emphasised at the week-end by the announcement of devaluation. The future is, therefore, more hazardous to forecast. I have no doubt, however, that the programmes of reconstruction and development throughout the Group will enable us to make fuller use of our world-wide resources. The benefits of present expenditures will be reflected in increased earnings and it is not only with optimism but with confidence that we look to the future.

The Report and Accounts were adopted, the final Ordinary dividend was approved, and the resolutions for the re-election of Directors, the increase in capital and the subdivision of Ordinary Shares were passed.

